

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
Baton Rouge, Louisiana

**FINANCIAL REPORT**

June 30, 2022

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
Baton Rouge, Louisiana

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Urban Restoration Enhancement Corporation  
Baton Rouge, Louisiana

**Report on the Audit of the Financial Statements**

***Opinion***

I have audited the financial statements of Urban Restoration Enhancement Corporation (UREC), which comprise the statement of financial position as of June 30, 2022, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of UREC as of June 30, 2022, and the changes in its net assets and its cash flows or the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of UREC and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about UREC's ability to continue as a going concern for one year beyond the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement of a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, I

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UREC's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about UREC's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

### ***Supplementary Information***

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Officer, as required by the State of Louisiana, and the Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are

presented for purposes of additional analysis and are not part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Officer and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated December 22, 2022, on my consideration of UREC's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UREC's internal control over financial reporting and compliance.



John L. McKowen, CPA  
Baton Rouge, Louisiana  
December 22, 2022

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
Baton Rouge, Louisiana

**STATEMENT OF NET POSITION**  
June 30, 2022

**ASSETS**

**CURRENT**

Cash	\$ 1,496,827
Accounts receivable	46,870
Grants receivable	431,562
Prepaid expenses	1,706
Deposits	<u>780</u>

Total current assets 1,977,745

**PROPERTY AND EQUIPMENT, net** 2,294,778

Total assets \$ 4,272,523

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 117,601
Security deposits	1,756
Accrued payroll liabilities	5,482
Other liabilities	2,749
Line of credit and other short-term borrowings	494,192
Long term debt, current portion	<u>56,296</u>

Total current liabilities 678,076

**LONG TERM DEBT, less current maturities** 1,821,607

Total liabilities 2,499,683

**NET ASSETS**

Without donor restrictions	1,474,813
With donor restrictions	<u>298,027</u>

Total net assets 1,772,840

Total liabilities and net assets \$ 4,272,523

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
Baton Rouge, Louisiana

**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2022

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Grants			
Governmental	1,016,273	61,887	1,078,160
Private	44,300	55,567	99,867
Rental revenue and related fees	53,829	-	53,829
Sale of housing units	382,429	154,000	536,429
Forgiveness of loans	115,959	-	115,959
Developer fees	27,038	-	27,038
Private contributions	4,047	-	4,047
Other revenue	1,341	-	1,341
	<u>1,645,216</u>	<u>271,454</u>	<u>1,916,670</u>
Net assets released from restrictions	<u>209,113</u>	<u>(209,113)</u>	<u>-</u>
 Total public support and revenue	 <u>1,854,329</u>	 <u>62,341</u>	 <u>1,916,670</u>
<b>EXPENSES</b>			
Program Services			
Housing development	537,687	-	537,687
Housing	72,612	-	72,612
Youth services	459,237	-	459,237
Rental Assistance	431,151	-	431,151
	<u>1,500,687</u>	<u>-</u>	<u>1,500,687</u>
Supporting services			
General and administrative	328,250	-	328,250
Fundraising	-	-	-
	<u>328,250</u>	<u>-</u>	<u>328,250</u>
Total expenses	<u>1,828,937</u>	<u>-</u>	<u>1,828,937</u>
<b>CHANGE IN NET ASSETS</b>	<u>25,392</u>	<u>62,341</u>	<u>87,733</u>
<b>NET ASSETS</b>			
Beginning of year	<u>1,449,421</u>	<u>235,686</u>	<u>1,685,107</u>
End of year	<u>1,474,813</u>	<u>298,027</u>	<u>1,772,840</u>

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
Baton Rouge, Louisiana

**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended June 30, 2022

	Program Services				Supporting Services		Total
	Housing Development	Housing	Youth	Rental Assistance	Management and General	Fundraising	
<b>EXPENSES</b>							
Salaries	\$ 84,561	\$ -	\$ 135,969	\$ -	\$ 72,776	\$ -	\$ 293,306
Employee benefits	86	-	1,888	374	40,349	-	42,697
Payroll taxes	6,699	-	10,957	-	8,899	-	26,555
Cost of home sales	442,675	-	-	-	-	-	442,675
Professional fees	2,373	8,071	251,519	427,315	76,465	-	765,743
Occupancy expense	98	6,555	8,362	-	27,168	-	42,183
Depreciation	-	-	-	-	31,681	-	31,681
Interest	280	14,756	-	-	12,088	-	27,124
Repairs and maintenance	-	20,561	-	-	-	-	20,561
Supplies	-	2,710	18,612	2,332	3,411	-	27,065
Insurance	212	9,135	-	-	16,744	-	26,091
Grants and assistance	-	-	-	933	16,750	-	17,683
Program services	130	-	14,676	-	-	-	14,806
Telecommunications	573	225	394	197	7,997	-	9,386
Travel	-	-	-	-	1,694	-	1,694
Conferences	-	2,473	13,551	-	6,110	-	22,134
Bank charges	-	2,386	-	-	41	-	2,427
Dues and subscriptions	-	616	-	-	1,754	-	2,370
Advertising	-	-	2,787	-	-	-	2,787
Postage and shipping	-	-	-	-	187	-	187
Printing	-	-	-	-	928	-	928
Other	-	5,124	522	-	3,208	-	8,854
<b>Total expenses</b>	<b>\$ 537,687</b>	<b>\$ 72,612</b>	<b>\$ 459,237</b>	<b>\$ 431,151</b>	<b>\$ 328,250</b>	<b>\$ -</b>	<b>\$ 1,828,937</b>

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
Baton Rouge, Louisiana

**STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2022

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	\$ 87,733
Adjustments for non-cash items:	
Depreciation	31,680
Change in operating assets and liabilities	
Grants and accounts receivables	(192,879)
Prepaid expenses and deposits	14,085
Accounts payable and payroll liabilities	16,938
Security deposits and other liabilities	<u>(15,513)</u>
Net cash used by operating activities	<u>(57,956)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of property and equipment	(457,523)
Sale of property and equipment	<u>111,834</u>
Net cash used by investing activities	<u>(345,689)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Issuance of long-term debt	388,027
Draws on line of credit and short-term borrowings	<u>242,157</u>
Net cash provided by financing activities	<u>630,184</u>
Net increase in cash	226,539
<b>CASH</b>	
Beginning of year	<u>1,270,288</u>
End of year	<u><u>1,496,827</u></u>

Interest paid during the year ended June 30, 2022 was \$27,124. No income taxes were paid during the year.

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
Baton Rouge, Louisiana  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of activities**

Urban Restoration Enhancement Corporation (UREC) is a Louisiana nonprofit community development organization, incorporated in 1992, and committed to “building today’s communities for tomorrow.” UREC provides affordable housing, small business training, and youth development opportunities to improve neighborhoods across Baton Rouge and the surrounding region.

**Basis of presentation**

The financial statements of UREC have been prepared on the accrual basis of accounting. UREC reports its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. As of June 30, 2022, UREC had \$1,474,813 in net assets without donor restrictions and \$298,027 in net assets with donor restrictions.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Estimates are used primarily when accounting for grants receivable, depreciation, and valuation of inventory.

**Revenue recognition**

Contributions and grants received are recorded as with or without donor restrictions, depending on the existence or nature of any donor restrictions.

Contributions are recognized when the donor makes an unconditional promise to give. Contributions restricted by the donor are reported as increases net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions and grants are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions.

### **Cash and cash equivalents**

For the purpose of the statement of cash flows, UREC considers cash in operating bank accounts as cash.

### **Receivables and allowance for doubtful accounts**

UREC uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific promises made. No allowance was recorded at June 30, 2022.

### **Property and equipment**

UREC's policy is to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long donated assets must be maintained, UREC reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor and reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. There were no donations of property or equipment for the year ended June 30, 2022. Depreciation is recorded using the straight-line method over the estimated useful lives of the property.

### **Income tax status**

UREC qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code; therefore, the financial statements have no provision for federal and state income tax.

UREC follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management has determined that there is no impact to the financial statements as a result of ASC 740-10. UREC's open audit periods are 2018 through 2021.

## **NOTE 2 – CASH**

UREC maintains a total of ten bank accounts at seven separate financial institutions. The cash in these institutions is maintained in demand deposit accounts. UREC's unreconciled cash balance per bank as of June 30, 2022 was \$1,512,626. UREC's deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) as they are below the maximum insured amounts of \$250,000 at each institution.

### NOTE 3 – GRANTS RECEIVABLE

At June 30, 2022, grants receivable were as follows:

	<u>Amount</u>
City of Baton Rouge Parish of EBR	\$ 254,247
Louisiana Department of Education	127,315
Louisiana Housing Corporation	50,000
	<u>\$ 431,562</u>

At June 30, 2022, \$66,753 of the grants receivable were outstanding greater than 90 days.

### NOTE 4– ACCOUNTS RECEIVABLE

At June 30, 2022, accounts receivable were as follows:

	<u>Amount</u>
Accounts receivable	\$ 46,870
	<u>\$ 46,870</u>

At June 30, 2022, no accounts receivable were outstanding greater than 90 days.

### NOTE 6– PROPERTY AND EQUIPMENT

Property and equipment, related service lives and accumulated depreciation at June 30, 2022 are as follows:

<u>Description</u>	<u>Estimated Service Life</u>	<u>Amount</u>
Land	-	\$ 197,333
Rental buildings and improvements	10-40 years	1,146,584
Equipment	5-10 years	148,647
Furniture and fixtures	7 years	45,934
Construction in progress	-	1,064,459
Total property and equipment		<u>2,602,957</u>
Less accumulated depreciation		(308,179)
Property and equipment, net		<u>\$ 2,294,778</u>

Depreciation expense of \$31,681 was recorded for the year ended June 30, 2022.

## NOTE 7 – COMPENSATED ABSENCES

As of June 30, 2022, UREC’s accumulated paid time off (PTO) was \$5,481, which it reports as part of accrued payroll liabilities.

## NOTE 8 – LINES OF CREDIT AND OTHER SHORT-TERM BORROWINGS

Short-term term debt and lines of credit at June 30, 2022 was as follows:

	<u>Amount</u>
\$175,961 construction loan with Capital Area Finance Authority, secured by rental buildings, with no interest on the outstanding balance	\$ 175,961
\$309,992 construction loan with Capital Area Finance Authority, secured by rental buildings, with no interest on the outstanding balance	\$ 309,158

In addition, the organization had \$9,073 in non-interest bearing construction loans outstanding at June 30, 2022.

## NOTE 9 – LONG TERM DEBT

Long term debt at June 30, 2022 was as follows:

	<u>Amount</u>
\$405,000 promissory note to Louisiana Housing Corporation, secured by a HOME mortgage, due in annual installments of 50% of project cash flow through February 2038, interest at 2.66%	445,746
\$216,000 promissory note to East Baton Rouge Parish Office of Community Development, secured by mortgages, forgivable in annual installments through April 2038, interest at 0.00%	183,600
\$403,652 promissory note with Capital Area Finance Authority, secured by four duplexes, due in monthly installments of \$2,500 through April 2038, interest at 3.15%	358,990
\$463,125 promissory note to East Baton Rouge Parish Office of Community Development, secured by mortgages, forgivable in annual installments through August 2039, interest at 0.00%	424,804
\$450,000 promissory note to East Baton Rouge Parish Office of Community Development, secured by mortgages, forgivable in annual installments through June 2042, interest at 0.00%	450,000

\$25,000 promissory note with Hancock Whitney Bank, secured By land. Due in monthly installments of \$467, interest at 5.00%	14,763
Total long term debt	\$1,877,903
Less: current portion	<u>(56,296)</u>
Long term debt, net of current portion	<u><u>\$1,821,607</u></u>

Future maturities of long term debt at June 30, 2022 are as follows:

	<u>Amount</u>
2023	56,296
2024	57,166
2025	56,848
2026	53,177
2027	53,855
Thereafter	<u>1,600,561</u>
Total	<u><u>\$1,877,903</u></u>

#### **NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The organization's financial assets that are available for use within one year of the statement of net position date for general expenses consist of cash of \$1,496,827, accounts receivable of \$46,870 and grants receivable of \$431,562.

As part of the organization's liquidity management, the UREC structures its financial assets to be available as general expenditures, liabilities and other obligations come due. In addition, it has been successful in obtaining letters of credit when deemed necessary.

#### **NOTE 11 – ALLOCATION OF FUNCTIONAL EXPENSES**

The Statement of Functional Expenses reports certain categories of expenses that are attributable to more than one program or support function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated based on the estimated time and effort of UREC's employees.

#### **NOTE 12 – ECONOMIC DEPENDENCY**

UREC has historically received a significant portion of its funding through government contracts and grants. During the year ended June 30, 2022, UREC received 56% of its revenue from such contracts and grants.

## NOTE 13 – COMMITMENTS AND CONTINGENCIES

### Grants

UREC continues to receive significant revenues from governmental grants and contracts, all of which are subject to audit by the funding agencies. The ultimate determination of amounts received under these programs generally is based upon allowable costs claimed for reimbursement. Until such audits, if any, there exists a contingency to refund any amount received in excess of allowable cost. Management is of the opinion that no material liability will result from such audits.

### Leases

UREC leases office space with a monthly rent of \$2,169. Total lease payments for the year ended June 30, 2022 were \$26,028.

Minimum lease payments on its current lease are as follows:

2022	15,677
2023	<u>30,771</u>
Total	46,448

### Litigation

There was no pending or threatened litigation at June 30, 2022.

## NOTE 14 – SUBSEQUENT EVENTS

Management of UREC has evaluated subsequent events through December 22, 2022, the date that the financial statements were available to be issued and has determined that there are no significant subsequent events that require recognition or disclosure through that date.

**John L. McKowen**  
Certified Public Accountant

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Baton Rouge, Louisiana 70806

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Urban Restoration Enhancement Corporation  
Baton Rouge, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Urban Restoration Enhancement Corporation, which comprise the statement of financial position as of June 30, 2022 and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 22, 2022.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Urban Restoration Enhancement Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Urban Restoration Enhancement Corporation's internal control. Accordingly, I do not express an opinion on the effectiveness of Urban Restoration Enhancement Corporation's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Member**

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My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Urban Restoration Enhancement Corporation's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, the Legislative Auditor distributes this report as a public document.



John L. McKowen, CPA  
Baton Rouge, Louisiana  
December 22, 2022

**John L. McKowen**  
Certified Public Accountant

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

To the Board of Directors  
Urban Restoration Enhancement Corporation  
Baton Rouge, Louisiana

**Report on Compliance for Each Major Federal Program**

I have audited Urban Restoration Enhancement Corporation's (UREC), (a Louisiana non-profit corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of UREC's major federal programs for the year ended June 30, 2022. UREC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

My responsibility is to express an opinion on compliance for each of UREC's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about UREC's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of UREC's compliance.

**Member**

*American Institute of Certified Public Accountants*  
*Society of Louisiana Certified Public Accountants*

### *Opinion on its Major Federal Programs*

In my opinion, UREC, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2022.

### **Report on Internal Control over Compliance**

Management of UREC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered UREC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the UREC's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



John L. McKowen, CPA  
Baton Rouge, Louisiana  
December 22, 2022

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
 Baton Rouge, Louisiana  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 Year ended June 30, 2022

Federal Grantor/Pass-Through-Grantor Program Title	Grant Number	CFDA Number	Federal Expenditures
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Passed through			
City of Baton Rouge – Parish of East Baton Rouge			
Community Development Block Grant	N/A	14.218	91,887
Passed through			
Louisiana Housing Corporation			
HOME Investment Partnerships Program (loan)	N/A	14.239	498,608
City of Baton Rouge – Parish of East Baton Rouge			
Office of Community Development			
HOME Investment Partnerships Program (loan)	N/A	14.239	619,204
Passed through			
Enterprise Community Partners			
Section 4 Capacity Building Program	N/A	14.252	20,567
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>\$ 1,230,266</u></b>
<b><u>U.S. Department of the Treasury</u></b>			
Passed through			
City of Baton Rouge – Parish of East Baton Rouge			
Emergency Rental Assistance Program	800003612	21.023	542,895
<b>Total U.S. Department of the Treasury</b>			<b><u>\$ 542,895</u></b>

**U.S. Department of Education**

Passed through

Louisiana Department of Education:

21 <sup>st</sup> Century Community Learning Centers	N/A	84.287	423,379
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<b>Total U.S. Department of Education</b>			<b><u>\$ 423,379</u></b>
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**U.S. Department of Health and Human Services**

Passed through

City of Baton Rouge – Parish of East Baton Rouge

Resiliency in Communities After Stress and Trauma	N/A	93.243	20,000
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<b>Total U.S. Department of Health and Human Services</b>			<b><u>\$ 20,000</u></b>
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<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 2,216,540</u></b>
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**URBAN RESTORATION ENHANCEMENT CORPORATION**  
Baton Rouge, Louisiana  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year ended June 30, 2022

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Urban Restoration Enhancement Corporation and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from the amounts presented in the preparation of the basic financial statements.

**NOTE B – RECONCILIATION OF EXPENSES TO FEDERAL EXPENDITURES**

Total expenses	\$1,829,780
Federal loans included in expenditures	1,117,812
Non-federal expenditures	<u>(731,052)</u>
Total Federal Expenditures	<u>2,216,540</u>

**NOTE C – AMOUNTS PASSED THROUGH TO SUBRECIPIENTS**

During the year ended June 30, 2022, the organization did not pass through any federal funding to subrecipients.

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
 Baton Rouge, Louisiana  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year ended June 30, 2022

**SUMMARY OF AUDITOR’S RESULTS**

*Financial Statements*

Type of auditor’s report issued: Unmodified Opinion

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No
- Noncompliance material to financial statements noted? No

*Federal Awards*

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? No

The programs tested as major programs include:

21 <sup>st</sup> Century Community Learning Centers	CFDA #84.287
Emergency Rental Assistance Program	CFDA #21.023

- The threshold for distinguishing Types A and B programs was program expenditures equal to or exceeding \$750,000.
- Urban Restoration Enhancement Corporation qualified as a low-risk auditee.

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
Baton Rouge, Louisiana  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
Year ended June 30, 2022

**FINDINGS AND QUESTIONED COSTS – Financial Statement Audit**

None noted.

**FINDINGS AND QUESTIONED COSTS – Major Federal Award Programs**

None noted.

**URBAN RESTORATION ENHANCEMENT CORPORATION**  
Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

For the year ended June 30, 202

**AGENCY HEAD NAME: Carl Dillon, Executive Director**

Mr. Dillon received the following compensation, benefits and other payments derived from public (governmental) funds, which require disclosure in accordance with La. R.S. 24:513(A)(3).

<b>PURPOSE</b>	<b>AMOUNT</b>
Salary	\$ 50,649
Benefits	<u>6,444</u>
Total	<u><u>\$ 57,093</u></u>

**John L. McKowen**  
Certified Public Accountant

2178 Myrtle Avenue  
Baton Rouge, Louisiana 70806

Office (225) 615-7844  
jlmckowen@cox.net

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of Urban Restoration Enhancement Corporation (the Organization) and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Organization's management is responsible for those C/C areas identified in the SAUPs.

The Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget  
*The Organization has written policies and procedures that address budgeting.*
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.  
*The Organization has written policies and procedures that address purchasing.*
  - c) ***Disbursements***, including processing, reviewing, and approving.  
*The Organization has written policies and procedures that address disbursements.*

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*The Organization has written policies and procedures that address receipts/collections.*

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

*The Organization has written policies and procedures that address payroll/personnel.*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*The Organization has written policies and procedures that address contracting.*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

*The Organization has written policies and procedures that address debit/credit cards.*

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*The Organization has written policies and procedures that address travel and expense reimbursement.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

*Not applicable, the Organization is a nonprofit entity.*

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*The Organization has written policies and procedures that address debt service.*

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*The Organization has written policies and procedures that address information technology disaster recovery/business continuity.*

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*The Organization has written policies and procedures that address sexual harassment.*

### ***Board or Finance Committee***

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2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*The board of directors met five times during the year with a quorum present.*

For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*The minutes referenced budget to actual comparisons, including financial activity relating to public funds.*

For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

*Not applicable to nonprofit entities.*

### ***Bank Reconciliations***

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3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

*Bank reconciliations were prepared within 2 months of the related statement closing date.*

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

*Bank reconciliations do not include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.*

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*Management has no documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months.*

#### **Collections (excluding electronic funds transfers )**

---

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

*Management represents that there are two deposit sites and two collection locations.*

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

*Employees that are responsible for cash collections do not share cash drawers/registers.*

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

*Each employee responsible for collecting cash is not responsible for preparing/making bank deposits.*

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

*Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers.*

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

*The employee responsible for reconciling cash collections to the general by revenue source and/or agency fund additions, is not responsible for collecting cash.*

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

*There was an insurance policy for employee theft in force during the fiscal period.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

*Not applicable. There were no collections of actual cash.*

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*Collection documentation was traced to the deposit slip.*

- c) Trace the deposit slip total to the actual deposit per the bank statement.

*Deposit slip totals were traced to the actual deposit per the bank statement.*

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

*Deposits were made within one business day of receipt.*

- e) Trace the actual deposit per the bank statement to the general ledger.

*Deposits per the bank statement were traced to the general ledger.*

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

---

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

*Management represents that there are two locations that process payments.*

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

*At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.*

- b) At least two employees are involved in processing and approving payments to vendors.

*At least two employees are involved in processing and approving payments to vendors.*

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

*The employee responsible for processing payments is prohibited from adding/modifying vendor files.*

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

*Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.*

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

*The disbursements matched the related original itemized invoice and supporting documentation indicated that deliverables included on the invoice were received by the entity.*

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*The disbursement documentation included evidence of segregation of duties.*

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*The listing was obtained.*

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception

reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

*There is evidence that the statement and supporting documentation was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.*

- b) Observe that finance charges and late fees were not assessed on the selected statements.

*There were no finance charges assessed on the selected statements.*

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

*The itemized receipts described above were obtained along with acceptable supporting documentation.*

#### **Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*The approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration.*

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*Reimbursements for expenses not subject to per diem rates were supported by original itemized receipts that identified precisely what was purchased.*

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

*Each reimbursement was supported by documentation of the business/public purpose.*

Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.*

### ***Contracts***

---

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

*None of the contracts observed required bids in accordance with the Louisiana Public Bid Law.*

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).

*Contract amendments were made in compliance with the contract terms.*

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*The invoice and related payment agreed to the terms and conditions of the contract.*

### ***Payroll and Personnel***

---

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*Done.*

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to

earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

*All selected employees documented their daily attendance and leave.*

- b) Observe that supervisors approved the attendance and leave of the selected employees or officials.

*Supervisors approved the attendance and leave of the selected employees.*

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*Leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.*

- d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

*The rate paid to the employees agree to the authorized salary/pay rate found within the personnel file.*

- 18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

*Management represents that there were four employee terminations during the fiscal period. No exceptions were noted with the above procedures.*

- 19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

*Management represents that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.*

### ***Ethics***

---

- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*Not applicable to nonprofit entities.*

- b. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

*Not applicable.*

### ***Debt Service***

---

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.

*Not applicable to nonprofit entities.*

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

*The Organization was in compliance.*

### ***Fraud Notice***

---

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Not applicable, there were no misappropriations of assets.*

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*The entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.*

### ***Information Technology Disaster Recovery/Business Continuity***

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25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

*I performed the procedure and discussed the results with management.*

- b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

*I performed the procedure and discussed the results with management.*

- c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*I performed the procedure and discussed the results with management.*

### ***Sexual Harassment***

---

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

*Not applicable to nonprofit entities.*

27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

*Not applicable.*

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:

- a. Number and percentage of public servants in the agency who have completed the training requirements;
- b. Number of sexual harassment complaints received by the agency;
- c. Number of complaints which resulted in a finding that sexual harassment occurred;
- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e. Amount of time it took to resolve each complaint.

*Not applicable.*

### ***Management's Responses***

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3 - The Organization will have a member of management/board member who does not handle cash, post ledgers, or issue checks review each bank reconciliation, and research reconciling items that have been outstanding for more than 12 months from the statement closing date.

I was engaged by Urban Restoration Enhancement Corporation to perform this agreed-upon procedures engagement and conducted my engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. I was not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

I am required to be independent of Urban Restoration Enhancement Corporation and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in blue ink that reads "John L. McKowen, CPA". The signature is written in a cursive style.

John L. McKowen, CPA  
Baton Rouge, Louisiana  
December 22, 2022